

Message Text

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PAGE 01 MUSCAT 01517 110914Z

12

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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P R 110835Z DEC 76

FM AMEMBASSY MUSCAT

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 2728

AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

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E.O. 11652: N/A

TAGS: BEXP MU

SUBJECT: OMAN CEMENT PROJECT REOPENED

REF: USDOC WASHDC 20974 (NOTAL)

1. MIDDLE EAST ECONOMIC DIGEST ARTICLE ON OMAN CEMENT PROJECT IS SLIGHTLY PREMATURE SINCE OMANGOV IS STILL NEGOTIATING WITH ASSOCIATED PORTLAND CEMENT. HOWEVER, OMANGOV IS WILLING TO ENTERTAIN OFFERS FROM OTHER CONTRACTORS ON THE PROJECT. ACCORDING TO COMMERCE MINISTRY SOURCE, OMANIS AND APC HAVE BECOME AT ODDS. APC WANTED TO REDUCE INFRASTRUCTURE COSTS BY CUTTING BACK ON WATER AND ELECTRICAL REQUIREMENTS AND DEMANDED A MONOPOLY ON MARKETING AND IMPORTING CEMENT INTO OMAN. MEED REFERENCE TO DISAGREEMENT ON SUPPLY AND COST OF GAS FUEL SEEMS TO BE SUBSTANTIALLY CORRECT.

2. EMBOFF DISCUSSED AMERICAN CHANCES FOR WINNING PROJECT WITH ASSISTANT UNDERSECRETARY OF COMMERCE MINISTRY BARAKAT LAMKI. LAMKI SAID THAT A PROPOSAL TO BUILD A 350,000-500,000 TON/YEAR PLANT WOULD BE EXAMINED FAVORABLY BY THE MINISTRY. PART OF THE PRODUCTION WOULD BE EXPORTED. TOTAL COST OF PLANT WOULD BE IN THE RANGE OF \$75 MILLION, WITH PAID-IN CAPITAL OF \$30 MILLION. LAMKI EMPHASIZED IMPORTANCE OF CONTRACTOR

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PAGE 02 MUSCAT 01517 110914Z

PROVIDING A GOOD FINANCING PACKAGE AND NOTED THAT OMANGOV

WOULD INSIST ON MAJORITY OMANI OWNERSHIP. HE EXPECTED THAT OMANIS WOULD FAVOR EUROPEAN MACHINERY FOR THE PLANT, BUT THIS WAS NEGOTIABLE. HE ALSO NOTED THAT A TURNKEY PROPOSAL WOULD PROBABLY NOT BE ACCEPTABLE AND FELT A FIVE-YEAR MANAGEMENT CONTRACT MIGHT BE INCLUDED IN OVERALL PACKAGE.

3. REOPENING OF CEMENT PROJECT HAS ALREADY CREATED WIDE-SPREAD INTEREST. IN ADDITION TO KOREANS, FRENCH EMBASSY IN MUSCAT IS ALREADY IN CONTACT WITH COMMERCE MINISTRY.

4. ACTION REQUESTED: USDOC CONTACT INTERESTED AMERICAN CEMENT FIRMS WHO WOULD BE ABLE TO SUBMIT PROPOSALS EXPEDITIOUSLY. PROPOSALS SHOULD BE SUBMITTED TO MR. BARAKAT LAMKI, ASSISTANT UNDERSECRETARY, MINISTRY OF COMMERCE AND INDUSTRY, P.O. BOX 550, MUSCAT, OMAN (TELEX:MB 351 WIZARAH, MUSCAT; CABLES: WIZARAH).
WOLLE

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